

ALVORD AND ALVORD
ATTORNEYS AT LAW
1050 SEVENTEENTH STREET, N.W.
SUITE 301
WASHINGTON, D.C.
20036
(202) 393-2266
FAX (202) 393-2156
E-MAIL alvordlaw@aol.com

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

September 30, 2002

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

RECORDATION NO. 23758-C FILED
SEP 30 '02 12:56 PM
SURFACE TRANSPORTATION BOARD

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of an Assignment and Assumption Agreement, dated as of September 26, 2002, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Railroad Equipment Lease Agreement which was previously filed with the Board under Recordation Number 23758.

The names and addresses of the parties to the enclosed document are:

Assignor:	Babcock & Brown Rail Funding LLC 599 Lexington Avenue New York, New York 10022
Assignee:	The Clarkesville Leasing Partnership, LLP c/o Rail Wagon Leasing Limited Queensgate House P.O. Box 1093 GT George Town Grand Cayman Cayman Islands

Mr. Vernon A. Williams
September 30, 2002
Page 2

A description of the railroad equipment covered by the enclosed document is:

Two hundred and eighty (280) coal porter railcars : PSTX 5000 – PSTX 5030 and PSTX 8001 – PSTX 8250.

A short summary of the document to appear in the index is:

Assignment and Assumption Agreement.

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Alvord', with a stylized flourish at the end.

Robert W. Alvord

RWA/anm
Enclosures

RECORDATION NO.

23758-C

FILED

SEP 30 '02

12-56 PM

Execution Version

SURFACE TRANSPORTATION BOARD

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement dated as of September 30, 2002 (this "Agreement"), is between Babcock & Brown Rail Funding LLC, a Delaware limited liability company (the "Seller"), and The Clarkesville Leasing Partnership, LLP, a Delaware limited liability partnership (the "Buyer").

Witnesseth:

WHEREAS, the Buyer and the Seller have entered into that certain Purchase Agreement (U.S. INTOL Rail V) dated as of September 30, 2002 (the "Purchase Agreement"), providing for the purchase of the Ownership Interest by the Buyer from the Seller, subject to the terms and conditions set forth therein; and

WHEREAS, the Purchase Agreement contemplates the execution and delivery of this Agreement by the Seller and the Buyer on the date hereof.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows.

1. Definitions. Capitalized terms used herein without definition shall have the meanings assigned to them in Section 4 of this Agreement.

2. Assignment. Effective as to each item of Equipment on the Closing Date, the Seller sells to the Buyer all of the Seller's rights, title and interest, except as reserved under Section 2.1 of the Purchase Agreement, in and to such item and assigns to the Buyer all of the Seller's rights and obligations, except to the extent constituting Existing Obligations, under each of the following as they relate to such item:

- (a) the Lease;
- (b) Memorandum of Railroad Equipment Lease Agreement entered into November 28, 2001, between the Seller and the Lessee;
- (c) Acceptance Certificate dated as of January 11, 2001, covering 135 Aluminum Bethgor Coal Porters bearing reporting marks PSTX 8001 – 8135;
- (d) Acceptance Certificate dated as of January 21, 2002, covering 135 Aluminum Bethgor Coal Porters bearing reporting marks PSTX 5001 – 5020, inclusive; and PSTX 8136 – 8250, inclusive;

- (e) Acceptance Certificate dated as of January 23, 2002, covering 10 Aluminum Bethgon Coal Porters bearing reporting marks PSTX 5021 – 5030, inclusive;
- (f) Assignment and Assumption Agreement dated as of December 11, 2001, between Joseph Transportation Services, Inc. and the Prior Seller.
- (g) Notice of Assignment of Lease and Acknowledgement by Lessee dated as of May 3, 2002, among Joseph Transportation Services, Inc., the Seller and the Lessee;
- (h) Memorandum of Assignment and Assumption Agreement dated December 11, 2001 between Joseph Transportation Services, Inc. and the Seller;
- (i) Warranty Bill of Sale dated December 14, 2001, covering 135 Aluminum Bethgon Coal Porters bearing reporting marks PSTX 8001-8135, inclusive, from Johnstown America Corporation to Joseph Transportation Services, Inc;
- (j) Warranty Bill of Sale dated January 17, 2002, covering 145 Aluminum Bethgon Coal Porters bearing reporting marks PSTX 8136-8250, inclusive and PSTX 5001-5030, inclusive, from Johnstown America Corporation to Joseph Transportation Services, Inc;
- (k) Assignment and Assumption of Obligations dated as of July 26, 2002, between Joseph Transportation Services, Inc., as assignor and the Seller, as assignee;
- (l) Warranty Assignment dated as of July 26, 2002 between Prior Seller and Seller;
- (m) Manufacturers Consent dated July 26, 2002 by Johnstown America Corporation;
- (n) Purchase Agreement [JLL/BBRF] dated as of July 26, 2002 between Prior Seller and Seller;
- (o) Bill of Sale dated as of July 26, 2002 from Prior Seller;
- (p) Assignment & Assumption Agreement dated as of July 26, 2002 between Prior Seller and Seller; and
- (q) Railcar Marks Agreement (collectively, the "Assigned Operative Agreements").

Notwithstanding the foregoing, the Seller shall continue to be entitled to the benefit of any rights to indemnification for tax and other matters which arose or may arise from or be related to any event or circumstance occurring or in existence prior to the Closing Date, as specified in the Purchase Agreement.

3. Acceptance of Assignment; Assumption of Obligations; Effect of Assignment.

The Buyer accepts the assignment contained in Section 2 hereof and, in respect of the period on and after the Closing Date, assumes all obligations of the Seller under, and agrees to be bound to the same extent as the Seller by all the terms of, the Assigned Operative Agreements. Effective

on and after the Closing Date, the Buyer shall be deemed to stand in the place of the Seller for all purposes under the Assigned Operative Agreements and each reference in the Assigned Operative Agreements to the Seller shall be deemed to mean the Buyer. The Seller, in respect of the period on and after the Closing Date, is released of all obligations of the lessor under the Assigned Operative Agreements, except to the extent constituting Existing Obligations.

4. Definitions. Except as otherwise specified or as the context may otherwise require, the following terms have the respective meanings set forth below whenever used in this Agreement (terms defined in the singular to have a correlative meaning when used in the plural and vice versa).

Bill of Sale: as to any one or more items of Equipment, a bill of sale in the form of Exhibit 1 hereto.

Closing Date: as to any one or more items of Equipment and related Ownership Interest, the date of the Bill of Sale with respect thereto.

Equipment: the items of equipment listed on Exhibit A to Exhibit 1 hereto, together with each and every part, accessory, component and any equipment installed therein or attached thereto owned by the Seller (individually such railcars shall be referred to as an "item" or "items of Equipment").

Existing Obligations: any and all liabilities and obligations of Seller under the Ownership Interest, including the Assigned Operative Agreements, or otherwise relating to the Equipment in each such case, to the extent arising or occurring prior to the Closing Date (whether or not asserted or assessed), and, with respect to the obligations, to have been performed by Seller prior to the Closing Date.

Lease: Railroad Equipment Lease dated as of November 28, 2001, entered into by and between Seller, as lessor and Lessee, as lessee, as amended, modified or supplemented from time to time.

Lessee: Consumers Energy Company.

Ownership Interest: the Seller's rights, title and interest in and to the Equipment and the Seller's rights and obligations under the Assigned Operative Agreements, except the Existing Obligations.

Prior Seller: Joseph Leasing Ltd.

Railcar Marks Agreement: the Railcar Marks Management Agreement [JLL] dated as of July 26, 2002 between the Seller and the Prior Seller, as amended, modified or supplemented from time to time.

5. Amendments. No provision of this Agreement may be amended, modified or waived except by written agreement duly executed by each of the parties hereto.

6. Notices. All notices, requests or other communications to or upon any party hereto in connection herewith shall be given in the manner prescribed by Section 9.5 of the Purchase Agreement.

7. Headings. The section headings used in this Agreement are for convenience of reference only and shall not be used or construed to define, interpret, expand or limit any provision hereof.

8. Counterparts. This Agreement may be executed in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

9. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the internal substantive laws of the State of New York, without giving effect to the conflict of law rules thereof, other than Section 5-1401 of the New York General Obligations Law.

10. Recordation. The Seller and the Buyer agree to record this Agreement with the Surface Transportation Board and Registrar General of Canada to evidence the assignment by the Seller to the Buyer of the Seller's rights and obligations under the Lease, if and only if the Lease has been recorded with the Surface Transportation Board and/or Registrar General of Canada.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]


IN WITNESS WHEREOF, this Assignment and Assumption Agreement has been duly executed by the parties hereto as of the date first above written.

BABCOCK & BROWN RAIL FUNDING LLC, as
Seller

By: 
Name: Thomas McGraw
Title: Vice President

THE CLARKESVILLE LEASING
PARTNERSHIP, LLP,
as Buyer

By: Rail Wagon Leasing Limited, its General
Partner

By: 
Name: Bruce J. Carusi
Title: Attorney-in-fact

State of _____)
County of _____)

On this, the 23rd day of September, 2002, before me, a Notary Public in and for said County and State, personally appeared Thomas McGraw, a Vice President of Babcock & Brown Rail Funding LLC, who acknowledged himself/herself to be a duly authorized officer of Babcock & Brown Rail Funding LLC, and that, as such officer, being authorized to do so, he/she executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

Name: _____

Notary Public

My Commission Expires: _____

1/24/2006

Residing in: _____

Jennifer Moreno
Notary Public, State of New York
No. 01106036346
Qualified in Queens County
Commission Expires January 24, 2006

State of New York)
)
County of Queens)

On this, the 23rd day of September, 2002, before me, a Notary Public in and for said County and State, personally appeared Bruce J. Carusi, an Attorney-in-fact of THE CLARKESVILLE LEASING PARTNERSHIP, LLP, who acknowledged himself/herself to be a duly authorized officer of Rail Wagon Leasing Limited, its General Partner, and that, as such officer, being authorized to do so, he/she executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

Name: Jennifer Moreno
Notary Public

My Commission Expires: 1/24/2006

Residing in: Queens

Jennifer Moreno
Notary Public, State of New York
No. 0646096346
Qualified in Queens County
Commission Expires January 24, 2006

BILL OF SALE

On this ___th day of September, 2002, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Babcock & Brown Rail Funding LLC ("Seller"), does hereby sell, transfer and assign to The Clarkesville Leasing Partnership, LLP ("Buyer") all of Seller's rights, title and interest in and to the equipment described in Exhibit A hereto (the "Equipment"), subject to the terms and conditions of the Purchase Agreement dated as of the date hereof, (the "Purchase Agreement") and the Assignment and Assumption Agreement dated as of the date hereof, each between Seller and Buyer.

Seller represents and warrants to Buyer and its successors and assigns that at the time of delivery of the Equipment, Seller had legal title thereto and good and lawful right to sell the Equipment, and the Equipment was free and clear of all Liens (as defined in the Purchase Agreement), other than as described in Section 3.3 of the Purchase Agreement.

BABCOCK & BROWN RAIL FUNDING LLC

By: _____
Name:
Title:

Exhibit A
(to Bill of Sale)

EQUIPMENT

240 J311 – 4,520 CF Aluminum Bethgon Coal Porters, manufactured by Johnstown America in 2001, bearing the reporting marks as follows:

PSTX 5001 – 5030, inclusive.

40 J311 - 4,520 CF Aluminum Bethgon Coal Porters, manufactured by Johnstown America in 2002, bearing the reporting marks as follows:

PSTX 8001-8250, inclusive.

CERTIFICATION

I, Edward M. Luria, an attorney licensed to practice in the District of Columbia, the State of Delaware and the Commonwealth of Pennsylvania, do hereby certify under penalty of perjury that I have compared the attached copy of an Assignment and Assumption Agreement with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: _____

September 30, 2002

Edward M. Luria

Edward M. Luria